

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7798**

**BILL NUMBER:** SB 421

**NOTE PREPARED:** Feb 15, 2005

**BILL AMENDED:** Feb 15, 2005

**SUBJECT:** Campaign Finance Reporting.

**FIRST AUTHOR:** Sen. Lawson C

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) (A) The bill requires certain candidates and political action committees to electronically file reports with the Election Division beginning in 2006.

(B) The bill requires: (1) an individual who makes an expenditure of at least \$1,000 to influence an election for state or legislative office; or (2) an individual, a corporation, or a labor organization that makes an expenditure of at least \$1,000 to influence the outcome of a statewide public question; to file a report with the Election Division.

(C) The bill requires: (1) an individual who makes an expenditure of at least \$1,000 to influence an election for a local office; or (2) an individual, a corporation, or a labor organization that makes an expenditure of at least \$1,000 to influence the outcome of a local public question; to file a report with a county election board.

(D) The bill provides for civil penalties.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** (Revised) (A) The provision would present a savings to the Election Division. The Division would be able to reduce expenditures for data entry support provided by outside vendors. The cost to produce cd-rom disks for candidates would be minimal and within the normal administrative duties of the Division. Under current law, the Election Division provides software for candidates at no charge if the candidate wishes to file electronically.

The bill would extend this provision to political action committees (PACs) that receive more than \$50,000 in contributions in a reporting period. The Election Division would supply software for filing reports at no charge. The bill would also require electronic filing for both PACs and candidates for state office.

*Background:* During the 2000 election cycle, data entry expenditures attributable to campaign committee filings were \$130,000, where the majority of the expenditures were from candidate committee filings. The 2000 election cycle included four filings: the January 2000 and 2001 year-end, the April 2000 pre-primary, and the October 2000 general election reports.

(B) Under the bill, individuals, corporations, or labor organizations that make expenditures of \$1,000 or more to influence either an election or public question would be required to file campaign reports with the Election Division documenting the expenditures. The Election Division would likely be able to process the additional reports, under this provision, within existing resources.

*Background Election Division:* As of December 2004, the Election Division had 13 staff positions. Four positions: a systems analyst, an unclassified executive position, a Governor's fellow, and a PAT 1 attorney were vacant. The other 10 positions included one attorney, two field auditors, two unclassified executive positions, two program coordinators, and two administrative personnel.

The Election Commission/Division reverted \$63,947 back to the state General Fund at the end of FY 2004. The Election Division was appropriated \$794,571 in FY 2004 and \$725,571 in FY 2005.

**Explanation of State Revenues:** (D) After December 31, 2005, a civil penalty would be assessed on candidate committees or PACs that were to fail to file campaign reports electronically, under the provisions of the bill. The Election Commission would be allowed to assess a civil penalty equal to the costs incurred by the Election Division for the manual entry of data contained in a hard copy campaign finance report. In addition the penalty may include all documented investigative costs incurred by the Election Division.

All civil penalties assessed, under the proposal, would be deposited in the state Campaign Finance Enforcement Account (CFEA.)

*Background:* In FY 2004 \$5,041 in penalties were deposited into the CFEA. The CFEA is used for the enforcement of campaign laws and creating and operating a campaign finance computer system, including the investment in technology to expand the capabilities of the computer system.

**Explanation of Local Expenditures:** (Revised) (C) County election boards would likely be able to process reports within existing resources. Reports would be required to be filed by individuals, corporations, or labor organization committees that made expenditures of \$1,000 or more.

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Election Division.

**Local Agencies Affected:** County election boards.

**Information Sources:** Brad King, Co-Director, Indiana Election Commission, (317) 232-3939; *State of Indiana HRM Detail Staffing Report, December, 2004*; State Budget Agency: *FY2004 General and Rainy Day*

*Fund Summaries*; State of Indiana: *List of Appropriations July 1, 2003 to June 30, 2005*; BUDSTARS  
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